

# 17006

## 3-MONTHS REPORT

Organic sales growth of 12 % in the first quarter of 2006

Operating result of EUR 694,000

Successful project start-ups in Antwerp (Belgium), Bünde and Zwickau

Key figures for the first quarter of 2006 in accordance with IFRS

	01.01. – 31.03.2006	01.01. – 31.03.2005	percentage change	absolute change
Turnover	20,423 kEUR	18,239 kEUR	+12 %	+2,184 kEUR
EBIT	694 kEUR	494 kEUR	+40.5 %	+200 kEUR
EBIT margin	3.4 %	2.7 %	-	-
Period surplus	419 kEUR	159 kEUR	+163.5 %	+260 kEUR
Earnings per share	0.05 EUR	0.02 EUR	+150 %	+0.03 EUR
Equity ratio (31/03)	25.7 %	21.3 %	-	-
Employees (31/03)	920	957	-3.9 %	-37

### Course of business in the first quarter of 2006

Compared with the first quarter of the previous year, the quarterly figures for the first quarter of 2006 showed positive developments.

Turnover in the period under review increased by 12 % in comparison with the previous year to kEUR 20,423. The operating result (EBIT) achieved increased more than proportionately in comparison with the first quarter of 2005 by 40.5 % to kEUR 694. Consolidated net income was kEUR 419 (previous year: kEUR 159). Quarterly earnings per share were increased to 5 euro-cents compared with the level of 2 euro-cents in the previous year.

The following project start-ups commenced as scheduled at the beginning of the year.

In Antwerp (Belgium) the Lila Logistik Group started on an in-house logistics solution focussed on inbound processes for a

customer in the automotive sector. Furthermore, in Bünde, in addition to relocation of the activities from the former Minden site, trade processing for a customer in the electronics field was started. Neighbouring to our location in Leipzig the Lila Logistik Group in Zwickau took over in-house logistics for a customer in the automotive field.

The present quarterly report was compiled retaining the accounting methods in accordance with the International Financial Reporting Standards (IFRS), analogously to the annual financial statements for the period ending 31 December 2005.

## Development of the business areas

### Logistics Design

In the first quarter the performance of Müller – Die lila Logistik AG's Logistics Design business segment was below the previous year's results. At a total of kEUR 660, sales revenues were 10.9 % down on the previous year (kEUR 741). Earnings before interest and tax fell by kEUR 47 in comparison with the previous year to kEUR 101 (previous year: kEUR 148).

### Logistics Operating

In the first quarter of 2006 Müller – Die lila Logistik AG's operational logistics services business area achieved sales revenues of kEUR 19,779, which is 13 % higher than in the same period of the previous year (kEUR 17,505). The projects already described in Antwerp, Bünde and Zwickau are principally responsible for this. At kEUR 593 earnings before interest and taxes were 71.4 % above the previous year's level.

## Segment reporting (before consolidation)

In thousands of EUR	Sales from 01.01.-31.03.2006	Sales from 01.01.-31.03.2005	percentage change	absolute change	EBIT 01.01.-31.03.2006	EBIT 01.01.-31.03.2005	percentage change	absolute change
Logistics Design	660	741	-10.9 %	-81	101	148	-31.8 %	-47
Logistics Operating	19,779	17,505	+13 %	+2,274	593	346	+71.4 %	+247

## Notes to the income statement

### Consolidated companies

Unlike the same period of the previous year, Vedes-Müller Logistik GmbH is no longer included in the consolidation. Furthermore, Müller – Die lila Logistik Ost GmbH was fully included in the consolidation for the first quarter. The operating establishment in Antwerp, as well as Müller – Die lila Logistik Nord GmbH, have been included in the consolidation for Müller – Die lila Logistik GmbH.

### Development of income and expenses

In the period under review, namely the first quarter of 2006, the Lila Logistik group achieved sales revenues amounting to kEUR 20,423 (previous year: kEUR 18,239). This represents an increase of 12 % or kEUR 2,184 when compared with the same period of the previous year. The cost of materials increased as a result of higher turnover volumes on the part of the Polish subsidiary as well as Müller – Die lila Logistik Deutschland GmbH, to kEUR 7,184 (previous year: kEUR 5,494). The project start-ups in Antwerp (Belgium), Bünde and Zwickau and the associated expenses also contributed to this. In contrast, personnel expenses declined in the first quarter to kEUR 7,598 (previous year: kEUR 7,922).

The operating result (EBIT) of kEUR 694 achieved (previous year: kEUR 494) represents a margin of 3.4 % (previous year: 2.7 %).

Based on changes in interest rates the balance of interest income and expense declined to a level of kEUR 297 (previous year: kEUR 334).

The negative figure of kEUR 19 for income from investments resulted from the accrual/deferral of equalisation entitlements in respect of minority shareholders of the subsidiaries with which a control and profit transfer agreement had been concluded.

The increase in profit at a minority interest was again the reason for an increase in income from financial assets accounted for in accordance with the equity method to kEUR 111 (previous year: kEUR 68). Taking account of taxes on income, the remaining consolidated net income increased by kEUR 260 to kEUR 419 (previous year: kEUR 159). Earnings per share at 5 euro-cents were consequently 3 euro-cents above the result for the same period of the previous year. The number of undiluted shares was 7,920,750 (previous year: 7,900,000).

**GROUP INCOME STATEMENT**  
(according to IFRS, unaudited)

	01.01.2006- 31.03.2006 EUR	01.01.2005- 31.03.2005 EUR
Sales revenues	20,423,365	18,239,327
Other operating income	453,255	549,310
Cost of materials/expenses for services received	-7,184,072	-5,493,827
Personnel expenses	-7,597,640	-7,921,752
Depreciation and amortisation on tangible and intangible assets	-480,436	-479,078
Other operating expenses	-4,920,593	-4,399,835
<b>Operating result</b>	<b>693,879</b>	<b>494,145</b>
Interest income/expense	-297,335	-333,661
Income from investments	-18,501	-18,501
Income from financial assets accounted for using the equity method	111,349	68,183
<b>Result before income tax (and minority interests)</b>	<b>489,392</b>	<b>210,166</b>
Taxes on income	-70,792	-51,099
<b>Group net income</b>	<b>418,600</b>	<b>159,067</b>
<b>Losses carried forward</b>	<b>-6,835,056</b>	<b>-8,198,340</b>
<b>Minority interests</b>		<b>57,197</b>
<b>Accumulated deficit</b>	<b>-6,416,456</b>	<b>-7,982,076</b>
Result per share (undiluted)	0.05	0.02
Result per share (diluted)	0.05	0.02
Average number of shares in issue (undiluted)	7,920,750	7,900,000
Average number of shares in issue (diluted)	7,988,500	7,992,500

**GROUP BALANCE SHEET**  
(according to IFRS)

**Assets**

**Short-term assets**

	31.03.2006 EUR	31.12.2005 EUR
Liquid assets	1,442,909	1,091,108
Trade accounts receivable	12,080,417	11,637,706
Receivables from affiliated companies	0	1,000
Receivables from related parties and equity-holding companies	31,174	44,031
Inventories	101,443	125,946
Tax-reimbursement entitlements	166,772	172,158
Accrued income, prepaid expenses and other short-term assets	898,192	455,501
<b>Total short-term assets</b>	<b>14,720,906</b>	<b>13,527,450</b>

**Long-term assets**

Tangible fixed assets	15,234,058	15,380,677
Investment property	1,852,439	1,865,233
Intangible assets	263,932	299,988
Goodwill	9,798,249	9,798,248
Financial assets	46,678	74,178
Equity interests in associated companies	1,528,857	1,417,507
Loans	3,788	3,788
Deferred tax assets	913,859	917,583
Other assets	56,430	0
<b>Total long-term assets</b>	<b>29,698,290</b>	<b>29,757,202</b>

**Total assets**

<b>Total assets</b>	<b>44,419,196</b>	<b>43,284,652</b>
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**Notes to the balance sheet**

**Assets**

Liquid assets increased by kEUR 352 in the first quarter of 2006 to a total of kEUR 1,443 (31 December 2005: kEUR 1,091). As a consequence of the higher turnover, trade accounts receivable increased to kEUR 12,080 (31 December 2005: kEUR 11,638). As a result of the continued improvement in the result of a subsidiary accounted for at equity, the position "Interests in associated companies" increased by kEUR 111 to kEUR 1,529 (31 December 2005: kEUR 1,418).

**Liabilities**

The biggest change on the liabilities side of the balance sheet occurred in current liabilities. At 31 March 2006 the call made on short-term credit lines was stronger than was the case at the end of last year, so that the position "Short-term loans and short-term portion of long-term loans" increased by kEUR 1,510 to a level of kEUR 6,205 (31 December 2005: kEUR 4,695). This annually recurring effect in the first quarter of the year was partly offset by the reduction of kEUR 435 in long-term liabilities to kEUR 14,555 (31 December 2005: kEUR 14,990). The loss carry-forward declined by kEUR 419 to kEUR 6,416 (31 December 2005: kEUR 6,835).

The equity-to-assets ratio improved to 25.7 % (31 December 2005: 25.3 %) and total assets increased by 2.6 % to kEUR 44,419 (31 December 2005: kEUR 43,285).

**GROUP BALANCE SHEET**  
(according to IFRS)

<b>Liabilities</b>	31.03.2006 EUR	31.12.2005 EUR
<b>Short-term liabilities</b>		
Short-term portion of financial lease liabilities	239,848	249,536
Short-term loans and short-term portion of long-term loans	6,205,236	4,694,893
Short-term portion of long-term shareholder loans	750,533	750,533
Trade accounts payable	4,534,928	4,827,304
Liabilities within the scope of the group	25,300	25,300
Liabilities to related parties	32,995	237,250
Advances from customers	0	89,000
Provisions	781,389	800,982
Tax liabilities	778,196	713,322
Other short-term liabilities	5,118,215	4,944,070
<b>Total short-term liabilities</b>	<b>18,466,642</b>	<b>17,332,190</b>
<b>Long-term liabilities</b>		
Long-term loans	13,757,577	14,064,539
Long-term capital lease obligations	213,176	264,677
Liabilities to related parties	120,000	120,000
Deferred taxes	7,890	24,526
Provisions	38,400	20,000
Pension provisions	137,469	117,552
Other long-term liabilities	280,161	378,537
<b>Total long-term liabilities</b>	<b>14,554,673</b>	<b>14,989,831</b>
<b>Shareholders' equity</b>		
Subscribed capital	7,920,750	7,920,750
Capital reserve	9,633,606	9,633,606
Stock options outstanding	27,433	26,567
Other accumulated equity	43,701	27,916
Accumulated deficit	-6,416,456	-6,835,056
Minority interests	188,848	188,848
<b>Total shareholders' equity</b>	<b>11,397,882</b>	<b>10,962,631</b>
<b>Total liabilities</b>	<b>44,419,196</b>	<b>43,284,652</b>

**GROUP CASH FLOW STATEMENT**  
(according to IFRS, unaudited)

	31.03.2006 EUR	31.03.2005 EUR
Group net earnings	418,600	159,067
Changes for		
Depreciation and amortisation	480,436	479,078
Change in provisions and allowances	191,722	11,443
Profit from retirement of fixed assets	-35,046	-1,034
At equity valuation	-111,350	-68,183
Gain/Losses on exchange	15,785	-31
Change SOP	866	0
Change in deferred tax assets/ tax liabilities	57,348	-57,851
Change in inventories	24,502	17,962
Changes in trade accounts receivable and accounts receivable from associated and affiliated companies	-601,852	-1,629,312
Change in accrued income, prepaid expenses and other assets	-498,081	58,275
Change in trade accounts payable, accounts payable to affiliated companies and accounts payable to related persons	-592,617	-402,440
Change in other liabilities, accrued expenses and deferred income	74,734	778,313
<b>Cash flow from current activities</b>	<b>-574,953</b>	<b>-654,713</b>
Disposal of subsidiaries, net of cash transferred	25,456	0
Acquisition of fixed assets	-280,877	-378,867
Income from the sale of fixed assets	39,981	9,483
<b>Cash flow from investment activities</b>	<b>-215,440</b>	<b>-369,384</b>
Change in short- and long- term loans	1,203,382	744,892
Payments for capital leases	-61,189	-35,566
<b>Cash flow from finance activities</b>	<b>1,142,193</b>	<b>709,326</b>
<b>Change in liquid assets</b>	<b>351,800</b>	<b>-314,771</b>
Liquid assets at the beginning of the period	1,091,108	1,270,980
<b>Liquid assets at the end of the period</b>	<b>1,442,908</b>	<b>956,209</b>

## STATEMENT OF CHANGES IN GROUP SHAREHOLDERS' EQUITY

	Subscribed capital EUR	Capital reserves EUR	Accumulated deficit EUR	Outstanding stock options EUR	Minority interests EUR	Other comprehensive income EUR	Total shareholders' equity EUR
Balance at 1 Januar 2006	7,920,750	9,633,606	-6,835,056	26,567	188,848	27,916	10,962,631
Minority interests	0	0	0	0	0	0	0
Consolidated result	0	0	418,600	0	0	0	418,600
Translation of foreign currencies	0	0	0	0	0	15,785	15,785
Stock options	0	0	0	866	0	0	866
<b>Balance at 31 March 2006</b>	<b>7,920,750</b>	<b>9,633,606</b>	<b>-6,416,456</b>	<b>27,433</b>	<b>188,848</b>	<b>43,701</b>	<b>11,397,882</b>
Balance at 1 Januar 2005	7,900,000	9,628,003	-8,198,340	17,477	204,780	19,724	9,571,644
Minority interests	0	0	57,197	0	-57,197	0	0
Consolidated result	0	0	159,067	0	0	0	159,067
Translation of foreign currencies	0	0	0	0	0	-31	-31
Stock options	0	0	0	0	0	0	0
<b>Balance at 31 March 2005</b>	<b>7,900,000</b>	<b>9,628,003</b>	<b>-7,982,076</b>	<b>17,477</b>	<b>147,583</b>	<b>19,693</b>	<b>9,730,680</b>

### Cash flow, liquidity

The outflow of funds as a result of current activities in the first quarter of 2006 was kEUR 575 (previous year: kEUR 655). The cash flow as a result of investment activities was minus kEUR 215 (previous year: minus kEUR 369). The inflow of liquid assets from finance activity reached kEUR 1,142 (previous year: kEUR 709)

At 31 March this year liquid assets amounted to kEUR 1,443 (previous year: kEUR 956).

### Capital expenditure, depreciation and amortisation

During the period under review capital investment by the group totalled kEUR 281 (previous year: kEUR 379). Depreciation and amortisation amounted to kEUR 480 for scheduled depreciation of fixed assets (previous year: kEUR 479).

### Shareholdings of board members

At 31 March 2006 the members of the Management Board and Supervisory Board of Müller – Die lila Logistik AG owned the following shares and share options in the company:

Name	Position	Shares	Options
Michael Müller	Chairman of the Management Board	4,064,000	35,000
Rupert Früh	Member of the Management Board	4,000	4,000
Wolfgang Monning	Chairman of the Supervisory Board	10,428	-
Prof. Peter Klaus	Deputy Chairman of the Supervisory Board	4,614	-
Volker Buckmann	Member of the Supervisory Board	-	-
Per Klemm	Member of the Supervisory Board	46,450	-
Klaus Langer	Member of the Supervisory Board	2,500	-
Carlos Rodrigues	Member of the Supervisory Board	785	10,000

### Personnel

As at 31 March 2006 the Müller – Die lila Logistik AG group had a total of 920 employees (previous year: 957). It should be noted in this context that employees in training are not included in these figures. The reduction in the workforce resulted from the deconsolidation of Vedes-Müller Logistik GmbH. 74 % of the workforce are employed in Germany and 26 % are employed in Europe outside Germany, namely Belgium, Austria and Poland.

### Post balance sheet events:

In April the Polish subsidiary acquired the right of usufruct in respect of a 100.000 m<sup>2</sup> piece of land in Gliwice. Under the plans for first phase of construction, a 12,000 m<sup>2</sup> logistics service centre will be constructed on this land in order to operate on a tax-privileged basis in the special zone.

### Outlook:

The positive trend in the first quarter of 2006 provides confirmation of the company's plans. Based on the favourable results of the first three months, the Management stands by the turnover plan published in the annual report and predicts a slight increase in net profit in 2006. The aim of ongoing debt redemption by the group will continue to be pursued on a systematic basis.

### Company Diary 2006

Publication of 3-months financial statements	23 May
General Meeting of Shareholders	22 June
Publication of 6-months financial statements	23 August
Analysts' presentation	23 August
Publication of 9-months financial statements	22 November

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### Note:

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